

MEDICARE GEOGRAPHIC CLASSIFICATION REVIEW BOARD

2001 INDIVIDUAL HOSPITAL APPLICATION FOR GEOGRAPHIC RECLASSIFICATION EFFECTIVE FEDERAL FISCAL YEAR 2003

SPECIAL NOTE:

These instructions and corresponding application are being printed and distributed before the final Hospital Prospective Payment System PPS (PPS) Rule is issued. The Final Rule should be published in the Federal Register on or about August 1, 2001. This application reflects the discussion and the provisions of the Proposed Rule, found in the May 4, 2001 Federal Register. Applicants are strongly advised to review the Final PPS Rule before applying (or deciding not to apply) for reclassification for Federal Fiscal Year (FFY) 2003. Applicants should make special note of the new mailing address for the Board as specified in the General Instructions. Applicants should also note that the Health Care Financing Administration (HCFA) has changed its name to the Centers for Medicare and Medicaid Services (CMS).

This package contains the individual hospital application and the instructions for completing the application that hospitals will need to apply for geographic reclassification in 2001. Completed applications are due to the Medicare Geographic Classification Review Board (Board) office no later than **5:00 p.m. EDT, Tuesday, September 4, 2001**. Reclassifications granted by the Board for the Standardized Amount will be effective for Federal Fiscal Year (FFY) 2003 (October 1, 2002 through September 30, 2003). Reclassifications granted by the Board for the Wage Index will be effective for a 3-year period, FFYs 2003 through 2005 (October 1, 2002 through September 30, 2005) pursuant to provisions of the recently enacted Medicare, Medicaid, and SCHIP Benefits Improvement Act (Public Law 106-554).

Hospitals requesting reclassification must complete this application and furnish all required supporting documentation. All hospitals seeking reclassification for the Standardized Amount for FFY 2003 must submit a complete application in 2001. However, in concert with the discussion in the section entitled "Overlapping Reclassifications Are Not Permitted" in the Preamble of the Proposed Rule for the Hospital Inpatient Prospective Payment Systems (see May 4, 2001 Federal Register), not all hospitals are permitted to submit an application for the Wage Index in 2001.

Hospitals applying for reclassification should read the instructions carefully. Failure to submit appropriate or complete information as explained in the instructions may result in a delayed review or dismissal by the Board.

A hospital may apply for reclassification individually and as a member of a group of hospitals or a Statewide Wage Index area. A hospital in a New England Metropolitan Area (NECMA) may apply for reclassification under the Alternative criteria at 42 C.F.R. § 412.236(b).

To request a group, Statewide Wage Index, or alternative NECMA application, or to receive other

information, hospitals should call (410) 786-1174. The individual and group applications and instructions will be available via the Internet at www.hcfa.gov/regs/mgcinfo.htm.

GENERAL INSTRUCTIONS

GENERAL

A hospital that wants to be reclassified from a rural area to an urban area or to another rural area or from an urban area to another urban area must file a completed application with the Medicare Geographic Classification Review Board (Board). An individual hospital may apply for purposes of using the requested area's standardized amount, wage index value, or both.

Section 304 of the recently enacted Medicare, Medicaid, and SCHIP Benefits Improvement Act of 2000 (Public Law 106-554) contained several provisions related to the wage index and reclassification decisions made by the Board. Section 304 first establishes that hospital reclassification decisions by the Board for wage index purposes are effective for 3-years, beginning with reclassifications for FFY 2001. Second, it provides that the Board must use the 3 most recent years of average hourly wage data in evaluating a hospital's reclassification application for FFY 2003 and subsequent years. Third, it provides that an appropriate statewide entity may apply to have all of the geographic areas in a State treated as a single geographic area for purposes of computing and applying the wage index for FFY 2003. (A separate application is available for hospitals requesting the Statewide Wage Index.)

A discussion of HCFA's (CMS's) Proposed Rule for implementing section 304 of P.L.106-554 is contained in the May 4, 2001 Federal Register. In concert with the Proposed Rule, a hospital that wants to be reclassified for the Standardized Amount for FFY 2003 must file a completed application by September 4, 2001 regardless of any prior year reclassification approvals. However, as discussed in the "Overlapping Reclassifications Are Not Permitted" section in the Preamble to the Proposed Rule, not all hospitals are required, or permitted, to submit an application for the Wage Index in 2001. Hospitals that were reclassified for FFY 2003 as part of a 3-year wage index reclassification (either a 1999 application approved for FFY 2001 or a 2000 application approved for FFY 2002) should not request wage index approval in 2001 if they would be applying to the same area as that for which they are already reclassified under the 3 year wage index reclassification. In such cases, reclassification has already been secured for the wage index for FFY 2003 and hospitals are not permitted to submit an application for the wage index.

Hospitals wishing to apply for the wage index to a different area than that for which they have approval as part of the 3-year wage index reclassification, and hospitals which are not reclassified for the wage index as part of any 3-year reclassification, must apply by September 4, 2001 to obtain reclassification for the wage index for FFY 2003 through FFY 2005. Hospitals, including those which have withdrawn or terminated their 3-year wage index reclassification, should closely review the rules set forth in the Final Rule (expected to be published on or about August 1, 2001) to assess the impact in their applying.

The Board ordinarily issues an on-the-record decision. However, the Board may hold an oral hearing on its own motion or if the applicant hospital demonstrates to the Board's satisfaction that an oral hearing is necessary. The Board will issue all its decisions no later than 180 days after the deadline for receipt of the applications. The deadline for receipt of the application is September 4, 2001.

Reclassifications granted by the Board for the Standardized Amount will be effective for FFY 2003 (October 1, 2002 through September 30, 2003). Reclassifications granted by the Board for the Wage Index Value will be effective for a 3-year period, FFYs 2003 through 2005 (October 1, 2002 through September 30, 2005).

HOSPITALS WITH SPECIAL STATUS

Some Sole Community Hospitals (SCHs) will lose their special status when the Board reclassifies them to a Metropolitan Statistical Area (MSA) or New England County Metropolitan Area (NECMA) for purposes of the standardized amount. Before applying for reclassification, these hospitals should evaluate and determine whether geographic reclassification will affect their special status. For a detailed discussion, see the Federal Registers of September 6, 1990, Vol. 55, No. 173, page 36762; June 4, 1991, Vol. 56, No. 107, pages 25482-25484; and August 30, 1991, Vol. 56, No. 169, pages 43200-43202. A hospital needing further information should call Marianne Myers (410) 786-5962 or Anne Tayloe (410) 786-4546 of the Centers for Medicare and Medicaid Services (CMS) (formerly HCFA) Purchasing Policy Group.

THE APPLICATION

Hospitals applying for reclassification as an individual hospital for either the wage index, standardized amount, or both, must complete the enclosed application. Submission of inappropriate documentation will also delay Board review. If hospitals do not use this application or if they fail to provide the required information, the Board may dismiss their requests for reclassification. The Board may also dismiss "overlapping" reclassification requests for the wage index value which, according to the Proposed Rule, are not permitted. (See the section of the Preamble entitled "Overlapping Reclassifications Are Not Permitted.")

The application consists of a series of questions and an affidavit that a responsible hospital officer must sign. The hospital must also submit several attachments, all of which are specified in the instructions and application.

If a hospital has a primary and alternative (or secondary) request, it must submit separate and complete applications for the primary application and each alternative request. The hospital should not combine the applications into one package, and it should clearly mark each application as primary, secondary, etc. The hospital must also clearly specify its preferred reclassification as to areas and type, that is, wage index, standardized amount, or both for each application.

FILING AN APPLICATION

A complete application package consists of an original and two legible unbound copies of the application and its attachments. However, if a hospital is applying for the standardized amount, the Board requires only one copy of the cost report, besides the original and two legible unbound copies of the remaining application package. The Board does not accept applications submitted through the facsimile process or by other electronic means, nor does it accept applications completed in pencil, i.e., applications must be typed or clearly printed in ink.

The Board must receive all application packages by **5:00 p.m. EDT, September 4, 2001**. The Board will dismiss a hospital's request for reclassification if it does not receive the completed application by this deadline. The Board may, for good cause and at the request of the hospital, grant a hospital that has submitted an application by September 4 an extension beyond this date to complete the application.

Hospitals must send an original and two copies of their completed application to **the Board's new mailing address**:

**Medicare Geographic Classification Review Board
2520 Lord Baltimore Drive
Suite L
Baltimore, Maryland 21244-2670**

Hospitals may want to send their application by a delivery method that guarantees a signed receipt, indicating delivery and date of delivery of their packages to the Board. The same address for the Board is applicable for both U.S. mail and courier service. Applications submitted to CMS (formerly HCFA) or any other address may be delayed and not received timely by the Board.

Hospitals must simultaneously send a copy of their completed application, including a cost report, if applicable, to:

Centers for Medicare and Medicaid Services
Center for Medicare Management
Purchasing Policy Group
Division of Acute Care
7500 Security Boulevard
Mail Stop C4-07-07
Baltimore, Maryland 21244-1850
Re: MGCRB Application

The CMS (formerly HCFA) Purchasing Policy Group address is also applicable for both U.S. mail and courier service. Again, applications submitted to CMS (formerly HCFA) may be delayed and not received timely by the Board.

WITHDRAWALS AND TERMINATIONS

As previously stated, applicants are strongly encouraged to review the Final Rule for changes, clarifications, or corrections.

Hospitals may request to withdraw their applications for reclassification for the Wage Index Value, Standardized Amount, or both, anytime before the Board issues a decision. After a decision granting reclassification, hospitals may request withdrawal of their reclassifications up to 45 days from the date of CMS's (formerly HCFA) annual notice of proposed rulemaking for hospital inpatient prospective payment under Medicare. CMS (formerly HCFA) publishes the notice in early spring and it specifies the final date by which the Board must receive a withdrawal request.

A hospital may, upon its own request, also terminate its reclassified 3-year wage index reclassification for 1 or 2 years of the 3-year effective period. A termination would be effective for the next fiscal year. Similar to a withdrawal, a hospital wishing to terminate 1 or 2 years of an approved 3-year wage index reclassification, would need to do so within 45 days from the date of CMS's (formerly HCFA) annual notice of proposed rulemaking for hospital inpatient PPS under Medicare. (See, in particular, section IV.E.1.c. of the Preamble to the May 4, 2001 Proposed Rule entitled "Withdrawals of Applications and Terminations of Approved Applications.")

A hospital which either withdraws or terminates a 3-year wage index reclassification may cancel its withdrawal or termination within the timeframe for applying for a FFY 2003 or FFY 2004 reclassification in order to have the balance of its 3-year wage index value reclassification reinstated. (See section IV.E.(2) of the Preamble to the Proposed Rule, entitled "Reinstatement After a Withdrawal of Application or a Termination of an Approved Reclassification," for a discussion and examples of this provision.)

All withdrawal and termination requests as well as requests to cancel a withdrawal or a termination must be in writing and directed to the Board at the address given in the preceding section. Hospitals should also send a copy to the CMS (formerly HCFA) Plan and Provider Purchasing Policy Group at the address above.

PLEASE READ THESE INSTRUCTIONS
BEFORE COMPLETING THE APPLICATION

MEDICARE GEOGRAPHIC CLASSIFICATION REVIEW BOARD

**2001 INDIVIDUAL HOSPITAL APPLICATION FOR
GEOGRAPHIC RECLASSIFICATION
EFFECTIVE FEDERAL FISCAL YEAR 2003**

**INSTRUCTIONS FOR COMPLETING
THE APPLICATION**

The application consists of a series of questions and a general affidavit. The application also lists attachments required by the Board and the letter designations for these attachments. The hospital should still use these same letter identifiers if it needs only some attachments to support its request. The hospital must type or print the application in ink.

The hospital must send the completed application, including all supporting documentation, so that the Board receives it by **5:00 p.m. EDT, September 4, 2001**. If the hospital or its representative fails to comply with this deadline, the Board will dismiss the hospital's request for reclassification. The Board does not accept applications submitted through the facsimile process or by other electronic means.

It is imperative that the hospital read these instructions before it fills in the application. Also, inasmuch as the Final Hospital Inpatient PPS Rule could alter the provisions that are contained in the Proposed Rule on which these instructions and application were developed, it is highly recommended that the hospital review the Final Rule before completing and submitting an application. This is particularly true with respect to hospitals seeking reclassification for the Wage Index Value given the change to a 3-year reclassification mandated by P.L. 106-554. Tab 4 (Calculations) at the end of these instructions provides examples of correct computations for each of the reclassification criteria.

INSTRUCTIONS

I. HOSPITAL INFORMATION

1. Self-explanatory
2. Self-explanatory
3. Self-explanatory
4. Self-explanatory
5. The hospital must indicate the mailing address the Board should use for all correspondence. The hospital should also show the person (and telephone number) the Board should contact if it has questions about the application.

II. RECLASSIFICATION REQUEST

6. If the hospital is applying for purposes of the wage index value and the standardized amount, it should use two circles. (One circle for the wage index value must show whether the hospital is using 6.A.1., 6.A.2., or 6.B. to qualify.) If the hospital is not applying for both the wage index value and the standardized amount, it should circle only one category.

As discussed in the “General” section of these instructions, and in accordance with the Proposed Rule, a hospital is not permitted to submit an “overlapping” application for the wage index, i.e., a request for wage index approval to the same area for FFY 2003 that is within its 3-year reclassification in order to extend the last year of the 3-year cycle one additional year. The Board will dismiss such requests from hospitals. If a hospital which is reclassified for FFY 2003 for the wage index as part of a 3-year cycle also wishes to apply for the Standardized Amount to the same area for which it is already reclassified for the wage index, it should only circle 6.C., not 6.A. or 6.B., since its wage index approval is already in place as part of the 3-year cycle to that area.

7. The hospital should use the name of the State (rural area), NECMA, or MSA where it is located and the name of the State (rural area), NECMA, or MSA to which it wants to be reclassified. It should also use identification numbers for these areas, which are included under Tab 1 (MSA/Area Numbers).

The Board can reclassify hospitals to one area only. The Board may reclassify hospitals in New England only from an NECMA to another NECMA or an MSA outside New England or from a rural area to an NECMA, an MSA (outside New England), or another rural area.

The Board can reclassify a SCH or Rural Referral Center (RRC) applying under the access criteria to the closest MSA or NECMA. If a rural area is closer, then the SCH or RRC may seek reclassification to either the closest rural area or the closest urban area. The Board may not reclassify a hospital, including a SCH or RRC, in an MSA or NECMA to a rural area.

III. GENERAL INFORMATION

8. If the hospital is already reclassified for the wage index value for FFY 2003 as part of a 3-year wage index reclassification (either a 1999 application approved for FFY 2001 or a 2000 application approved for FFY 2002) as described in the Proposed Rule and the “General” section of these instructions, it should check “Yes” in 8.A. and enter the name and identification number of the State, NECMA, or MSA which it is reclassified to in FFY 2003 in item 8.B. (The hospital may wish to refer to the appropriate Board Decision letter for either 1999 (for FFY 2001) or 2000 (for FFY 2002), which served as the basis for the hospital’s 3-year wage index reclassification, to obtain the name and identification number of the reclassified area.)
9. If the hospital “withdrew” or “terminated” its 3-year reclassification for the wage index value, it should check “Yes” to 9.A.. If the hospital applied to cancel a Board approved “withdrawal” or “termination,” it should check “Yes” to 9.B.
10. The hospital should provide case numbers for prior years beginning with 1994 in which it applied for reclassification as an individual hospital or as a member of a group. A hospital applying under the dominating hospital exception criteria must, in particular, provide this information for application years 1990 through 1995.
11. If the hospital is also part of a group application , it should check **AYes@** in 8.A. and enter the name of the County or NECMA in which the group is located in 8.B. If the hospital is also a part of a Statewide Wage Index Area application, it should check “Yes” in 8.C. A hospital may apply both individually and as a member of a group and/or a Statewide Wage Index Area application. The Board expects to rule on any Statewide Wage Index Area application first and then the Group application before it reviews any individual requests. If the Board approves the Statewide Wage Index application, it expects to dismiss any individual or group applications filed by hospitals in the Statewide Wage Index application. If the Board reclassifies a group, it will dismiss any individual reclassification applications filed by the hospitals in the group. Statewide Wage Index Area and Group instructions can be obtained by calling (410) 786-1174 or via the Internet at www.hcfa.gov/regs/mgcinfo.htm.

12. Section 401 of Public Law 106-113 amended Section 1886(d)(8) of the Social Security Act by adding paragraph E, which created a mechanism, separate and apart from the MGCRB, permitting an urban hospital to apply to be treated as being located in the rural area of the state in which the hospital is located. If the hospital is applying under this provision, check **AYes** in 9.A. If the hospital's request in 9.A. has been approved, check **AYes** in 9.B. and include a copy of the approval letter under **Attachment A**. As discussed in the Preamble to the Final Rules for the Hospital Inpatient PPS (see the August 1, 2000 Federal Register), an "urban" hospital reclassified as "rural" under this provision cannot subsequently be reclassified under the MGCRB reclassification process to an "urban" area. Questions concerning this provision should be directed to Anne Tayloe of the CMS (formerly HCFA) Purchasing Policy Group at (410) 786-4546.
13. For 13.A., the hospital should show its status at the time it submits its application. The Board will base its decision upon the hospital's status at the time of its review. The letter supporting the hospital's status (**Attachment B**) must be on intermediary's or regional office's letterhead and signed by an authorized official, and must show the period to which it applies. (Note: All fiscal intermediary or regional office letters that are part of this application must meet the preceding standards.)
- 13.B. is self-explanatory. A hospital that lost its special status because it was reclassified for the standardized amount may not apply for reclassification under the special access rules unless it either regains its special status or was reclassified for every subsequent fiscal year. The hospital should provide a letter from the CMS (formerly HCFA) regional office or fiscal intermediary at **Attachment C**.
14. For 14.A., the hospital should show whether it is **currently** an RRC. For 14.B., if the answer to 14.A. is **No**, the hospital should show whether it **has ever been** an RRC. In either case, the hospital should provide a letter from the CMS (formerly HCFA) regional office or fiscal intermediary at **Attachment D**.
15. If "Yes," attach rationale for oral hearing request under **Attachment E**.

IV. RECLASSIFICATION REQUEST UNDER SPECIAL ACCESS RULES FOR SOLE COMMUNITY HOSPITALS AND RURAL REFERRAL CENTERS

16. Self-explanatory.
17. In the ROAD and MILEAGE columns under 17.A., the hospital must show the improved roads taken (and the mileage over those roads) from its entrance to the border of the requested MSA, NECMA, or rural area. An improved road is any road maintained by local, State, or Federal government and available for use by the public.

The hospital must also complete the TIME column if the requested area is the closest in travel time, and it is, therefore, completing 17.B. The travel time must correspond to the information in the first two columns. The hospital must fill in all three columns under 17.B. if the requested area is closest in driving time but farther in miles.

At **Attachment F** the hospital must include an original (i.e. no photocopies or facsimiles) map or maps issued by a government entity or an organization such as the American Automobile Association, on which the hospital highlights the county in which it is located; the site of the hospital entrance, including the street on which it is situated; the route taken as described in this section; and the area to which the hospital requests reclassification. If the request is based upon driving time rather than mileage, the hospital must show on the map or on separate maps the driving time and mileage to the requested area and to the MSA, NECMA, or rural area that is closest in miles but farther in driving time.

The maps must contain explanatory legends that identify types of roads displayed on the maps and scales for accurately determining distances in miles over these roads. The original map(s) and the two copies must be easy to read with adequate detail and all pertinent locations and distances clearly marked. If the hospital does not submit the required maps and directions, the Board may dismiss its application.

NOTE: The Board may, based on stated mileage and/or time, request a current affidavit from an independent source, such as a police officer, employee of a public transportation department, etc.

V. RECLASSIFICATION REQUEST UNDER PROXIMITY RULES

18. Self-explanatory.
19. In the ROAD and MILEAGE columns, the hospital must show the shortest route over improved roads (and the mileage over those roads) from its entrance to the border of the requested MSA, NECMA, or rural area. An improved road is any road maintained by local, State, or Federal government and available for use by the public.

At **Attachment F** the hospital must include an original (i.e., no photocopies or facsimiles) map or maps issued by a governmental entity or an organization such as the American Automobile Association, on which the hospital highlights the county in which it is located; the site of the hospital entrance, including the street on which it is situated; the route taken as described in this section; and the area to which the hospital requests reclassification.

The maps must contain explanatory legends that identify types of roads displayed on the maps and scales for accurately determining distances in miles over these roads. The original map(s) and the two copies must be easy to read with adequate detail and all pertinent locations and distances clearly marked. If the hospital does not submit the required maps and directions, the Board may dismiss its application.

NOTE: The Board may, based on stated mileage, request a current affidavit from an independent source, such as a police officer, employee of a public transportation department, etc.

20. If the hospital cannot meet the proximity criteria through the mileage test and chooses to use the employees= residence test, it must complete item 20 and include **Attachment G**. This attachment contains the hospital employees=home addresses by zip code and a zip code map correlating the employees=residences to the two areas.

WAGE INDEX COMPARISON

The hospital must attach its wage index computations for the percent comparisons (i.e., as proposed by CMS (formerly HCFA), 106 and 82 percent for hospitals located in rural areas and 108 and 84 percent for hospitals located in urban areas) or, if using the dominating hospital exception, the 40 percent and 108 percent comparisons under **Attachment H**. As required by section 304(a) of P.L. 106-554 the Board, when evaluating a hospital's request for reclassification for FY 2003 and subsequent years, must use the average of the 3 most recent years of hourly wage data for the hospital and the area to which the hospital seeks to reclassify.

The wage data used to support the hospital's wage comparisons must be from the CMS (formerly HCFA) hospital wage survey. The source for this data is the most recent hospital prospective payment final rule or proposed rule, which is published in the Federal Register, as of the date that the hospital submits its application to the Board. (The Board will use the final official data in evaluating if a hospital meets the reclassification criteria.) A hospital applying under the dominating hospital exception criteria must include at **Attachment H** the 3-year average of hospital-specific and current area wages and hours. Hospitals may obtain this information from Marianne Myers (410) 786-5962 or Anne Tayloe (410) 786-4546 of the CMS (formerly HCFA) Purchasing Policy Group.

STANDARDIZED AMOUNT COST COMPARISON

The hospital must attach its standardized amount cost comparison under **Attachment J**. For all data obtained from the Federal Register, such as the standardized amounts, wage indices, and the case mix indices (if not computed by the fiscal intermediary), the hospital must include a reference to the appropriate Registers= dates and page numbers.

- At Tab 2 is a chart entitled Standardized Amounts by Cost Reporting Period and at Tab 3, two charts that display the wage and case mix indices by cost reporting periods.
- The hospital should use the Fiscal Year 2003 disproportionate share rules for calculating the adjustment factor for the Standardized Amount comparison. In this connection, the Benefits and Improvement Act of 2000 (Public Law 106-554) contained changes to the percentages and formulas hospitals should use in performing their calculations. The hospital should use data corresponding to the cost reporting period of the cost report submitted with the application in completing the Standardized Amount comparison.
- Where the application requires percentages, the hospital must express them in decimals, not ratios.
- Items b.-e. and h.– j. provide the cost report references to obtain the information pertaining to cost reporting periods ending after 09/30/96 and before 11/30/98, and cost reporting periods ending after 11/30/98. Where there is only one reference, it applies to both periods.
- The hospital must complete all applicable questions regarding the standardized amount reclassification request for its application to be complete. All data must correspond to the cost reporting period of the cost report submitted with the application.

For item f., the hospital should enter a case-mix index value only if using a case-mix index developed by the fiscal intermediary. A case-mix index value developed by the hospital is not acceptable. For its computations, the hospital may obtain the case-mix index from the annual hospital prospective payment final rule(s) or from its fiscal intermediary (**Attachment K**). Verification must be on fiscal intermediary letterhead and signed by an authorized official of the fiscal intermediary, and must show the period to which it applies. If the hospital uses the prospective payment final rule(s) for its case-mix index and more than one case-mix index applies to the hospital's fiscal year, it should prorate each index based on the number of days the index corresponds to the fiscal year. The hospital must include the supporting documentation in **Attachment K**.

The hospital should complete item g., regarding the indirect medical education (IME) adjustment factor(s), only if applicable. Hospitals should enter the appropriate adjustment factors expressed

as decimals that were used to calculate lines 3.21 to 3.23 of Worksheet E, Part A of the cost report per instructions in section 3630.1 of HCFA (CMS) Publication 15-2, the Provider Reimbursement Manual, Part 2.

Hospitals should use a single IME adjustment factor when preparing their Standardized Amount Cost Comparison in Attachment J. If a hospital has more than one IME adjustment factor which applies to its cost reporting year, it should prorate each factor based on the number of days it is effective during the cost reporting year. For example, a hospital with a cost reporting year from July 1, 1999 to June 30, 2000, would enter three IME adjustment factors in item g., i.e., one for the July 1, 1999 to September 30, 1999 period, a second for the October 1, 1999 to December 31, 1999 period, and a third for the January 1, 2000 to June 30, 2000 period. These three factors would then be prorated by the number of days in each period to arrive at the single IME adjustment factor for the cost reporting year. In this example, if the IME adjustment factor for the A(For discharges occurring prior to 10/1)@period is .0225, the adjustment factor for the A(For discharges occurring on or after 10/1 but before 1/1)@period is .0422, and the adjustment factor for the A(For discharges occurring after 1/1)@period is .0422, the single IME factor for the cost reporting year to be used in the Standardized Amount Cost Comparison in Attachment J would be .0372, i.e., $(.0225 * 92 / 366) + (.0422 * 92 / 366) + (.0422 * 182 / 366)$.

A hospital that has an allowable disproportionate share adjustment (DSA) on line 4.04 of Worksheet E, Part A, should complete all entries in items h. and j. of the Standardized Amount Cost Comparison section of the application. A hospital that does not have a DSA on line 4.04 should complete items i. and j. For purposes of completing the Standardized Amount Cost Comparison (Attachment J), a hospital should use the SSI percentage that was used in the calculation of the DSH on the cost report. The Board, however, will use the latest SSI data available from HCFA to calculate the SSI percentage to be used in the DSH computation.

In completing the Standardized Amount Cost Comparison, hospitals also need to use the appropriate wage index for the “Current” and “Requested” reclassification areas. A hospital should use the wage index for the area in which it is physically located for both the “current” and the “requested” sides of the comparison, if the hospital (a) is not reclassified in FFY 2003 for the wage index as part of a 3-year wage index reclassification **and** (b) is not requesting a wage index reclassification, or (c) is requesting a wage index reclassification but doesn’t expect to be reclassified for the wage index. If the hospital is applying (and expects to be reclassified for the wage index to that same requested area) **or** is already reclassified to the requested area for the wage index as part of a 3-year wage index reclassification, then the hospital should use the wage index of the “Requested” area for both the “Current” and “Requested” sides of the Standardized Amount Cost Comparison.

In contrast to prior years, special attention must be given to reclassification requests of hospitals which are already reclassified for the wage index for FFY 2003 as part of a 3-year wage

reclassification. For example, a hospital which is applying for reclassification for both the Wage Index Value and the Standardized Amount to Area B when it is already reclassified for the Wage Index to Area A as part of a 3-year reclassification, would use the wage index of Area B on both sides of the computation (assuming that the requested wage index reclassification would be approved to Area B.) However, if that same hospital (a) would not be reclassified for the wage index to Area B (because it doesn't meet the threshold standards), **or** (b) didn't apply for reclassification for the wage index to Area B (the hospital applied only for the Standardized Amount), then the hospital should use the Wage Index for Area A (the area to which it is reclassified in FFY 2003 under the 3-year cycle) for the "Current" area and the area in which it is physically located for the "Requested" side of the computation.

The hospital must submit a copy of its most recently filed cost report to support the data used in this cost comparison. The copy of the most recently filed cost report that is submitted under **Attachment M** must include a copy of the original signed certification for that cost report.

AFFIDAVIT

A hospital officer, i.e., the president, the vice president for finance, etc. of the hospital seeking reclassification must complete and sign the affidavit. A chain-of-command or corporate headquarters officer may sign the affidavit of an individual hospital provided he or she is also an officer of the hospital. If this is the case, the hospital must submit a notarized statement showing that the signature is that of a hospital officer. The affidavit must also be notarized.

The official is attesting to the veracity and correctness of the application under the penalty of perjury (28 U.S.C. § 1746).

TABS

TAB 1 - MSA/AREA NUMBERS - Applies to II.7. and III.8.B. of the application.

TAB 2 - STANDARDIZED AMOUNTS BY COST REPORTING PERIOD - Applies to the standardized amount computation.

TAB 3 - WAGE INDICES AND CASE MIX INDICES BY COST REPORTING PERIOD
- Applies to the standardized amount computation.

TAB 4 - CALCULATIONS - Includes model calculations for each criterion used for reclassification.

TAB 1

MSA/AREA NUMBERS *

*** This final list of areas is based upon the June 30, 1998 revision from the Bureau of the Census.**

MSA/AREA NAME	NUMBER
ALABAMA	01
ALASKA	02
ARIZONA	03
ARKANSAS	04
CALIFORNIA	05
COLORADO	06
CONNECTICUT	07
DELAWARE	08
FLORIDA	10
GEORGIA	11
HAWAII	12
IDAHO	13
ILLINOIS	14
INDIANA	15
IOWA	16
KANSAS	17
KENTUCKY	18
LOUISIANA	19
MAINE	20
MARYLAND	21
MASSACHUSETTS	22
MICHIGAN	23
MINNESOTA	24
MISSISSIPPI	25
MISSOURI	26
MONTANA	27
NEBRASKA	28
NEVADA	29
NEW HAMPSHIRE	30
NEW MEXICO	32
NEW YORK	33
NORTH CAROLINA	34
NORTH DAKOTA	35
OHIO	36
OKLAHOMA	37
OREGON	38
PENNSYLVANIA	39
PUERTO RICO	40
SOUTH CAROLINA	42
SOUTH DAKOTA	43
TENNESSEE	44
TEXAS	45
UTAH	46
VERMONT	47
VIRGINIA	49
WASHINGTON	50
WEST VIRGINIA	51
WISCONSIN	52
WYOMING	53

MSA/AREA NAME	NUMBER
ABILENE, TX	0040
AGUADILLA, PR	0060
AKRON, OH	0080
ALBANY, GA	0120
ALBANY-SCHENECTADY-TROY, NY	0160
ALBUQUERQUE, NM	0200
ALEXANDRIA, LA	0220
ALLENTOWN-BETHLEHEM-EASTON, PA	0240
ALTOONA, PA	0280
AMARILLO, TX	0320
ANCHORAGE, AK	0380
ANN ARBOR, MI	0440
ANNISTON, AL	0450
APPLETON-OSHKOSH-NEENAH, WI	0460
ARECIBO, PR	0470
ASHEVILLE, NC	0480
ATHENS, GA	0500
ATLANTA, GA	0520
ATLANTIC-CAPE MAY, NJ	0560
AUBURN-OPELIKA, AL	0580
AUGUSTA-AIKEN, GA-SC	0600
AUSTIN-SAN MARCOS, TX	0640
BAKERSFIELD, CA	0680
BALTIMORE, MD	0720
BANGOR, ME	0733
BARNSTABLE-YARMOUTH, MA	0743
BATON ROUGE, LA	0760
BEAUMONT-PORT ARTHUR, TX	0840
BELLINGHAM, WA	0860
BENTON HARBOR, MI	0870
BERGEN-PASSAIC, NJ	0875
BILLINGS, MT	0880
BILOXI-GULFPORT-PASCAGOULA, MS	0920
BINGHAMTON, NY	0960
BIRMINGHAM, AL	1000
BISMARCK, ND	1010
BLOOMINGTON, IN	1020
BLOOMINGTON-NORMAL, IL	1040
BOISE CITY, ID	1080
BOSTON-WORCESTER-LAWRENCE-LOWELL-BROCKTON, MA-NH	1123
BOULDER-LONGMONT, CO	1125
BRAZORIA, TX	1145
BREMERTON, WA	1150
BROWNSVILLE-HARLINGEN-SAN BENITO, TX	1240
BRYAN-COLLEGE STATION, TX	1260
BUFFALO-NIAGARA FALLS, NY	1280
BURLINGTON, VT	1303
CAGUAS, PR	1310
CANTON-MASSILLON, OH	1320

MSA/AREA NAME	NUMBER
CASPER, WY	1350
CEDAR RAPIDS, IA	1360
CHAMPAIGN-URBANA, IL	1400
CHARLESTON-NORTH CHARLESTON, SC	1440
CHARLESTON, WV	1480
CHARLOTTE-GASTONIA-ROCK HILL, NC-SC	1520
CHARLOTTESVILLE, VA	1540
CHATTANOOGA, TN-GA	1560
CHEYENNE, WY	1580
CHICAGO, IL	1600
CHICO-PARADISE, CA	1620
CINCINNATI, OH-KY-IN	1640
CLARKSVILLE-HOPKINSVILLE, TN-KY	1660
CLEVELAND-LORAIN-ELYRIA, OH	1680
COLORADO SPRINGS, CO	1720
COLUMBIA, MO	1740
COLUMBIA, SC	1760
COLUMBUS, GA-AL	1800
COLUMBUS, OH	1840
CORPUS CHRISTI, TX	1880
CORVALLIS, OR	1890
CUMBERLAND, MD-WV	1900
DALLAS, TX	1920
DANVILLE, VA	1950
DAVENPORT-MOLINE-ROCK ISLAND, IA-IL	1960
DAYTON-SPRINGFIELD, OH	2000
DAYTONA BEACH, FL	2020
DECATUR, AL	2030
DECATUR, IL	2040
DENVER, CO	2080
DES MOINES, IA	2120
DETROIT, MI	2160
DOTHAN, AL	2180
DOVER, DE	2190
DUBUQUE, IA	2200
DULUTH-SUPERIOR, MN-WI	2240
DUTCHESS COUNTY, NY	2281
EAU CLAIRE, WI	2290
EL PASO, TX	2320
ELKHART-GOSHEN, IN	2330
ELMIRA, NY	2335
ENID, OK	2340
ERIE, PA	2360
EUGENE-SPRINGFIELD, OR	2400
EVANSVILLE-HENDERSON, IN-KY	2440
FARGO-MOORHEAD, ND-MN	2520
FAYETTEVILLE, NC	2560
FAYETTEVILLE-SPRINGDALE-ROGERS, AR	2580
FLAGSTAFF, AZ-UT	2620

MSA/AREA NAME	NUMBER
FLINT, MI	2640
FLORENCE, AL	2650
FLORENCE, SC	2655
FORT COLLINS-LOVELAND, CO	2670
FORT LAUDERDALE, FL	2680
FORT MYERS-CAPE CORAL, FL	2700
FORT PIERCE-PORT ST. LUCIE, FL	2710
FORT SMITH, AR-OK	2720
FORT WALTON BEACH, FL	2750
FORT WAYNE, IN	2760
FORT WORTH-ARLINGTON, TX	2800
FRESNO, CA	2840
GADSDEN, AL	2880
GAINESVILLE, FL	2900
GALVESTON-TEXAS CITY, TX	2920
GARY, IN	2960
GLENS FALLS, NY	2975
GOLDSBORO, NC	2980
GRAND FORKS, ND-MN	2985
GRAND JUNCTION, CO	2995
GRAND RAPIDS-MUSKEGON-HOLLAND, MI	3000
GREAT FALLS, MT	3040
GREELEY, CO	3060
GREEN BAY, WI	3080
GREENSBORO--WINSTON-SALEM--HIGH POINT, NC	3120
GREENVILLE, NC	3150
GREENVILLE-SPARTANBURG-ANDERSON, SC	3160
HAGERSTOWN, MD	3180
HAMILTON-MIDDLETOWN, OH	3200
HARRISBURG-LEBANON-CARLISLE, PA	3240
HARTFORD, CT	3283
HATTIESBURG, MS	3285
HICKORY-MORGANTON-LENOIR, NC	3290
HONOLULU, HI	3320
HOUMA, LA	3350
HOUSTON, TX	3360
HUNTINGTON-ASHLAND, WV-KY-OH	3400
HUNTSVILLE, AL	3440
INDIANAPOLIS, IN	3480
IOWA CITY, IA	3500
JACKSON, MI	3520
JACKSON, MS	3560
JACKSON, TN	3580
JACKSONVILLE, FL	3600
JACKSONVILLE, NC	3605
JAMESTOWN, NY	3610
JANESVILLE-BELOIT, WI	3620
JERSEY CITY, NJ	3640
JOHNSON CITY-KINGSPORT-BRISTOL, TN-VA	3660

MSA/AREA NAME	NUMBER
JOHNSTOWN, PA	3680
JONESBORO, AR	3700
JOPLIN, MO	3710
KALAMAZOO-BATTLE CREEK, MI	3720
KANKAKEE, IL	3740
KANSAS CITY, MO-KS	3760
KENOSHA, WI	3800
KILLEEN-TEMPLE, TX	3810
KNOXVILLE, TN	3840
KOKOMO, IN	3850
LA CROSSE, WI-MN	3870
LAFAYETTE, LA	3880
LAFAYETTE, IN	3920
LAKE CHARLES, LA	3960
LAKELAND-WINTER HAVEN, FL	3980
LANCASTER, PA	4000
LANSING-EAST LANSING, MI	4040
LAREDO, TX	4080
LAS CRUCES, NM	4100
LAS VEGAS, NV-AZ	4120
LAWRENCE, KS	4150
LAWTON, OK	4200
LEWISTON-AUBURN, ME	4243
LEXINGTON, KY	4280
LIMA, OH	4320
LINCOLN, NE	4360
LITTLE ROCK-NORTH LITTLE ROCK, AR	4400
LONGVIEW-MARSHALL, TX	4420
LOS ANGELES-LONG BEACH, CA	4480
LOUISVILLE, KY-IN	4520
LUBBOCK, TX	4600
LYNCHBURG, VA	4640
MACON, GA	4680
MADISON, WI	4720
MANSFIELD, OH	4800
MAYAGUEZ, PR	4840
MCALLEN-EDINBURG-MISSION, TX	4880
MEDFORD-ASHLAND, OR	4890
MELBOURNE-TITUSVILLE-PALM BAY, FL	4900
MEMPHIS, TN-AR-MS	4920
MERCED, CA	4940
MIAMI, FL	5000
MIDDLESEX-SOMERSET-HUNTERDON, NJ	5015
MILWAUKEE-WAUKESHA, WI	5080
MINNEAPOLIS-ST. PAUL, MN-WI	5120
MISSOULA, MT	5140
MOBILE, AL	5160
MODESTO, CA	5170
MONMOUTH-OCEAN, NJ	5190

MSA/AREA NAME	NUMBER
MONROE, LA	5200
MONTGOMERY, AL	5240
MUNCIE, IN	5280
MYRTLE BEACH, SC	5330
NAPLES, FL	5345
NASHVILLE, TN	5360
NASSAU-SUFFOLK, NY	5380
NEW HAVEN-BRIDGEPORT-STAMFORD-DANBURY-WATERBURY,CT	5483
NEW LONDON-NORWICH, CT	5523
NEW ORLEANS, LA	5560
NEW YORK, NY	5600
NEWARK, NJ	5640
NEWBURGH, NY-PA	5660
NORFOLK-VIRGINIA BEACH-NEWPORT NEWS, VA-NC	5720
OAKLAND, CA	5775
OCALA, FL	5790
ODESSA-MIDLAND, TX	5800
OKLAHOMA CITY, OK	5880
OLYMPIA, WA	5910
OMAHA, NE-IA	5920
ORANGE COUNTY, CA	5945
ORLANDO, FL	5960
OWENSBORO, KY	5990
PANAMA CITY, FL	6015
PARKERSBURG-MARIETTA, WV-OH	6020
PENSACOLA, FL	6080
PEORIA-PEKIN, IL	6120
PHILADELPHIA, PA-NJ	6160
PHOENIX-MESA, AZ	6200
PINE BLUFF, AR	6240
PITTSBURGH, PA	6280
PITTSFIELD, MA	6323
POCATELLO, ID	6340
PONCE, PR	6360
PORTLAND, ME	6403
PORTLAND-VANCOUVER,OR-WA	6440
PROVIDENCE-WARWICK-PAWTUCKET, RI	6483
PROVO-OREM, UT	6520
PUEBLO, CO	6560
PUNTA GORDA, FL	6580
RACINE, WI	6600
RALEIGH-DURHAM-CHAPEL HILL, NC	6640
RAPID CITY, SD	6660
READING, PA	6680
REDDING, CA	6690
RENO, NV	6720
RICHLAND-KENNEWICK-PASCO, WA	6740
RICHMOND-PETERSBURG, VA	6760
RIVERSIDE-SAN BERNADINO, CA	6780

MSA/AREA NAME	NUMBER
ROANOKE, VA	6800
ROCHESTER, MN	6820
ROCHESTER, NY	6840
ROCKFORD, IL	6880
ROCKY MOUNT, NC	6895
SACRAMENTO, CA	6920
SAGINAW-BAY CITY-MIDLAND, MI	6960
ST. CLOUD, MN	6980
ST. JOSEPH, MO	7000
ST. LOUIS, MO-IL	7040
SALEM, OR	7080
SALINAS, CA	7120
SALT LAKE CITY-OGDEN, UT	7160
SAN ANGELO, TX	7200
SAN ANTONIO, TX	7240
SAN DIEGO, CA	7320
SAN FRANCISCO, CA	7360
SAN JOSE, CA	7400
SAN JUAN-BAYAMON, PR	7440
SAN LUIS OBISPO-ATASCADERO-PASO ROBLES, CA	7460
SANTA BARBARA-SANTA MARIA-LOMPOC, CA	7480
SANTA CRUZ-WATSONVILLE, CA	7485
SANTA FE, NM	7490
SANTA ROSA, CA	7500
SARASOTA-BRADENTON, FL	7510
SAVANNAH, GA	7520
SCRANTON--WILKES-BARRE--HAZLETON, PA	7560
SEATTLE-BELLEVUE-EVERETT, WA	7600
SHARON, PA	7610
SHEBOYGAN, WI	7620
SHERMAN-DENISON, TX	7640
SHREVEPORT-BOSSIER CITY, LA	7680
SIOUX CITY, IA-NE	7720
SIOUX FALLS, SD	7760
SOUTH BEND, IN	7800
SPOKANE, WA	7840
SPRINGFIELD, IL	7880
SPRINGFIELD, MO	7920
SPRINGFIELD, MA	8003
STATE COLLEGE, PA	8050
STEUBENVILLE-WEIRTON, OH-WV	8080
STOCKTON-LODI, CA	8120
SUMTER, SC	8140
SYRACUSE, NY	8160
TACOMA, WA	8200
TALLAHASSEE, FL	8240
TAMPA-ST. PETERSBURG-CLEARWATER, FL	8280
TERRE HAUTE, IN	8320
TEXARKANA, TX-TEXARKANA, AR	8360

MSA/AREA NAME	NUMBER
TOLEDO, OH	8400
TOPEKA, KS	8440
TRENTON, NJ	8480
TUCSON, AZ	8520
TULSA, OK	8560
TUSCALOOSA, AL	8600
TYLER, TX	8640
UTICA-ROME, NY	8680
VALLEJO-FARIFIELD-NAPA, CA	8720
VENTURA, CA	8735
VICTORIA, TX	8750
VINELAND-MILLVILLE-BRIDGETON, NJ	8760
VISALIA-TULARE-PORTERVILLE, CA	8780
WACO, TX	8800
WASHINGTON, DC-MD-VA-WV	8840
WATERLOO-CEDAR FALLS, IA	8920
WAUSAU, WI	8940
WEST PALM BEACH-BOCA RATON, FL	8960
WHEELING, WV-OH	9000
WICHITA, KS	9040
WICHITA FALLS, TX	9080
WILLIAMSPORT, PA	9140
WILMINGTON-NEWARK, DE-MD	9160
WILMINGTON, NC	9200
YAKIMA, WA	9260
YOLO, CA	9270
YORK, PA	9280
YOUNGSTOWN-WARREN, OH	9320
YUBA CITY, CA	9340
YUMA, AZ	9360

TAB 2

**STANDARDIZED AMOUNTS
BY COST REPORTING PERIOD**

STANDARDIZED AMOUNTS BY COST REPORTING PERIOD

COST REPORTING PERIOD	AUG 29, 1997 FEDERAL REGISTER	JUL 31, 1998 FEDERAL REGISTER	FEB 25, 1999 FEDERAL REGISTER	JUL 30, 1999 FEDERAL REGISTER	AUG 1, 2000 FEDERAL REGISTER
10-1-97 TO 9-30-98 11-1-97 TO 10-31-98 12-1-97 TO 11-30-98	10-1-97 TO 9-30-98 11-1-97 TO 9-30-98 12-1-97 TO 9-30-98	10-1-98 TO 10-31-98 10-1-98 TO 11-30-98			
1-1-98 TO 12-31-98 2-1-98 TO 1-31-99 3-1-98 TO 2-28-99	1-1-98 TO 9-30-98 2-1-98 TO 9-30-98 3-1-98 TO 9-30-98	10-1-98 TO 12-31-98 10-1-98 TO 1-31-99 10-1-98 TO 2-28-99			
4-1-98 TO 3-31-99 5-1-98 TO 4-30-99 6-1-98 TO 5-31-99	4-1-98 TO 9-30-98 5-1-98 TO 9-30-98 6-1-98 TO 9-30-98	10-1-98 TO 2-28-99 10-1-98 TO 2-28-99 10-1-98 TO 2-28-99	3-1-99 TO 3-31-99 3-1-99 TO 4-30-99 3-1-99 TO 5-31-99		
7-1-98 TO 6-30-99 8-1-98 TO 7-31-99 9-1-98 TO 8-31-99	7-1-98 TO 9-30-98 8-1-98 TO 9-30-98 9-1-98 TO 9-30-98	10-1-98 TO 2-28-99 10-1-98 TO 2-28-99 10-1-98 TO 2-28-99	3-1-99 TO 6-30-99 3-1-99 TO 7-31-99 3-1-99 TO 8-31-99		
10-1-98 TO 9-30-99 11-1-98 TO 10-31-99 12-1-98 TO 11-30-99		10-1-98 TO 2-28-99 11-1-98 TO 2-28-99 12-1-98 TO 2-28-99	3-1-99 TO 9-30-99 3-1-99 TO 9-30-99 3-1-99 TO 9-30-99	10-1-99 TO 10-31-99 10-1-99 TO 11-30-99	
1-1-99 TO 12-31-99 2-1-99 TO 1-31-2000 3-1-99 TO 2-29-2000*		1-1-99 TO 2-28-99 2-1-99 TO 2-28-99	3-1-99 TO 9-30-99 3-1-99 TO 9-30-99 3-1-99 TO 9-30-99	10-1-99 TO 12-31-99 10-1-99 TO 1-31-2000 10-1-99 TO 2-29-2000	
4-1-99 TO 3-31-2000* 5-1-99 TO 4-30-2000* 6-1-99 TO 5-31-2000*			4-1-99 TO 9-30-99 5-1-99 TO 9-30-99 6-1-99 TO 9-30-99	10-1-99 TO 3-31-2000 10-1-99 TO 4-30-2000 10-1-99 TO 5-31-2000	
7-1-99 TO 6-30-2000* 8-1-99 TO 7-31-2000* 9-1-99 TO 8-31-2000*			7-1-99 TO 9-30-99 8-1-99 TO 9-30-99 9-1-99 TO 9-30-99	10-1-99 TO 6-30-2000 10-1-99 TO 7-31-2000 10-1-99 TO 8-31-2000	
10-1-99 TO 9-30-2000* 11-1-99 TO 10-31-2000* 12-1-99 TO 11-30-2000*				10-1-99 TO 9-30-2000 11-1-99 TO 9-30-2000 12-1-99 TO 9-30-2000	10-1-2000 TO 10-31-2000 10-1-2000 TO 11-30-2000
1-1-2000 TO 12-31-2000* 2-1-2000 TO 1-31-2001* 3-1-2000 TO 2-29-2001				1-1-2000 TO 9-30-2000 2-1-2000 TO 9-30-2000 3-1-2000 TO 9-30-2000	10-1-2000 TO 12-31-2000 10-1-2000 TO 1-31-2001 10-1-2000 TO 2-28-2001
4-1-2000 TO 3-31-2001 5-1-2000 TO 4-30-2001 6-1-2000 TO 5-31-2001				4-1-2000 TO 9-30-2000 5-1-2000 TO 9-30-2000 6-1-2000 TO 9-30-2000	10-1-2000 TO 3-31-2001 10-1-2000 TO 4-30-2001 10-1-2000 TO 5-31-2001
7-1-2000 TO 6-30-2001 8-1-2000 TO 7-31-2001 9-1-2000 TO 8-31-2001				7-1-2000 TO 9-30-2000 8-1-2000 TO 9-30-2000 9-1-2000 TO 9-30-2000	10-1-2000 TO 6-30-2001 10-1-2000 TO 7-31-2001 10-1-2000 TO 8-31-2001

*LEAP YEAR

COST OF LIVING ADJUSTMENT FACTOR FOR:

ALASKA- ALL AREAS 1.2500

HAWAII:

COUNTY OF HONOLULU 1.1650

COUNTY OF HAWAII 1.2325

COUNTY OF KAUAI 1.2325

COUNTY OF MAUI 1.2325

COUNTY OF KALAWAO 1.2325

TAB 3

**WAGE INDICES AND CASE MIX INDICES
BY COST REPORTING PERIOD**

WAGE INDICES

PERIOD			DATE OF APPLICABLE FEDERAL REGISTER
October 1, 1997	TO	September 30, 1998	August 29, 1997
October 1, 1998	TO	February 28, 1999	July 31, 1998
March 1, 1999	TO	September 30, 1999	February 25, 1999
October 1, 1999	TO	September 30, 2000	July 30, 1999
October 1, 2000	TO	September 30, 2001	August 1, 2000

CASE MIX INDICES

FOR COST REPORTING PERIODS FROM			DATE OF APPLICABLE FEDERAL REGISTER
October 1, 1997	TO	September 30, 1998	July 30, 1999
October 1, 1998	TO	September 30, 1999	August 1, 2000
October 1, 1999		FORWARD	August 1, 2001 (APPROX.)

TAB 4
CALCULATIONS

Examples of Wage Index Comparisons

		Hospital A	Hospital B	Hospital C
1	Hospital's Average Hourly Wage (AHW)	19.2411	17.7200	19.4283
2	Current Area	Rural Area X	Rural Area Y	MSA 4
3	AHW of Current Area	19.2209	16.6515	17.9258
4	Requested Area	MSA 1	MSA 2	MSA 3
5	AHW of Requested Area	19.7652	21.7954	21.4501
6	A 106% Test [Line 1/Line 3]	1.001050939	1.064168393	N/A
	B 108% Test [Line 1/Line 3] [42 CFR 412.230(e)(1)(iii)]	N/A	N/A	1.083817737
7	A 82% Test [Line 1/Line 5]	0.973483698	0.813015590	N/A
	B 84% Test [Line 1/Line 5] [42 CFR 412.230(e)(1)(iv)(A)]	N/A	N/A	0.905744029

Hospital A fails the 106% test.

Hospital DOES NOT qualify.

Hospital B meets the 106% test but fails the 82% test.

Hospital DOES NOT qualify.

Hospital C meets the 108% test and meets the 84% test.

Hospital DOES qualify.

- NOTES:**
1. The average hourly wage data used above is the 3 year averages as published in Tables 2 and 3 of the Federal Register.
 2. The examples above assume that the hospitals meet all non numeric criteria such as proximity.
 2. Rounding of numbers to meet the qualifying percentage is not permitted.
 3. Under 42 CFR 412.230(e)(1)(iii) & (iv) a hospital in a rural area must meet the the 106% and 82% criteria [Lines 6A & 7A respectively] and a hospital in a urban area must meet the the 108% and 84% criteria [Lines 6B & 7B respectively].
 4. If a hospital meets the criteria under 42 CFR 412.230(e)(3) as a Rural Referral Center, it does not have to meet the 106% / 108% test (Line 6, above).

Example of Standardized Amount Cost Comparison

Example Hospital is a rural hospital requesting reclassification to a large urban area. Hospital meets the proximity criteria. Hospital also requested and was reclassified to the large urban area for purposes of its wage index. The following data is for the hospital's cost reporting period from July 1, 1999 to June 30, 2000.

Data from Hospital's most recently filed cost report:

Total Medicare Cost (Excluding Passthroughs)	\$1,720,074
[From Worksheet D-1, Part II, Line 53]	
Medicare Discharges	402
[From Worksheet S-3, Part I, Line 12, Column 13]	
DRG Amount- Other than Outlier Payments	\$1,397,286
[For Cost Reporting Periods Ending After 09/30/96 and Before 11/30/98 From Worksheet E, Part A, Line 1]	
[For Cost Reporting Periods Ending After 11/30/98 From Worksheet E, Part A, Line 1 Plus Line 1.01 Plus Line 1.02]	
DRG Amount- Outlier Payments Only	\$121,821
[For Cost Reporting Periods Ending After 09/30/96 and Before 11/30/98 From Worksheet E, Part A, Line 2]	
[For Cost Reporting Periods Ending After 11/30/98 From Worksheet E, Part A, Line 2 Plus Line 2.01]	
Bed Size	205
[From Worksheet S-3, Part I, Line 12, Column 1 Less Line 11, Column 1]	
Medicaid Percentage	0.0910
[From Worksheet E, Part A, Line 4.01]	
SSI Percentage	0.216
[From Worksheet E, Part A, Line 4]	
Indirect Medical Education Adjustment Factor	0.0281
[For Cost Reporting Periods Ending After 11/30/98 Prorate the Factors Calculated for Worksheet E, Part A, Lines 3.21, 3.22 and 3.23]	

Hospital's Case Mix Adjusted Cost Per Discharge (Page 3, Line 10) is not equal to or greater than the Threshold Amount (page 4, Line 44).
Hospital DOES NOT qualify.

Standardized Amount for Individual Hospital

Hospital Cost Per Discharge Reduced for Outliers

1.	Total Medicare Cost (Excluding Passthroughs)	\$1,720,074
2.	Medicare Discharges	402
	Average Cost Per Discharge Before Adjustment	
3.	for Outlier Payments [Line 1 / Line 2]	\$4,278.79
4.	DRG Amount-Other Than Outlier Payments	\$1,397,286
5.	DRG Amount-Outlier Payments	\$121,821
6.	Total DRG Amount [Line 4 + Line 5]	\$1,519,107
7.	Outlier Adjustment Factor [1- (line 5/line 6)]	0.9198
8.	Average Cost Per Discharge reduced for Outliers [Line 3 * Line 7]	\$3,935.63
9.	Case Mix Index [Prorated] 1.0152 * 92 / 365 + 1.0799 * 273 / 365	1.0635
10.	Case Mix Adjusted Cost Per Discharge [Line 8 / Line 9]	\$3,700.63

Standardized Amount Effective Periods

11.	Total Days in Cost Report Period	365		
	A	B	C	D
12.	Fed Regs	Period Covered	Days	Percentage
a	02/25/99	07/01/99 to 09/30/99	92	25.21%
b	07/30/99	10/01/99 to 06/30/2000	273	74.79%
13.	Disproportionate Share Adjustment Factor			
	Medicaid % = 9.1%	SSI % = 21.6%	Beds = 205	
	Current Area:	5.25 %		
	Requested Area:	[(((9.1 + 21.6) - 20.2) * 0.00825) + 0.0588] = 14.54 %		

Period	Requested Reclassification: LARGE URBAN /			Current Classification: RURAL /		
	12a	12b	12c	12a	12b	12c
NATIONAL PORTION						
14. National Standardized Amount-Labor Portion	2783.34	2809.18	0.00	2739.28	2764.70	0.00
15. Applicable Wage Index	1.0461	1.0484	0.0000	1.0461	1.0484	0.0000
16. Line 14 * Line 15	2911.65	2945.14	0.00	2865.56	2898.51	0.00
17. National Standardized Amount-NonLabor Portion	1131.34	1141.85	0.00	1113.44	1123.76	0.00
18. Cost-of-Living Adjustment Factor	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
19. Line 17 * Line 18	1131.34	1141.85	0.00	1113.44	1123.76	0.00
20. Line 16 + Line 19	4042.99	4086.99	0.00	3979.00	4022.27	0.00
21. Indirect Medical Education Adjustment Factor	0.0281	0.0281	0.0000	0.0281	0.0281	0.0000
22. Disproportionate Share Adjustment Factor [Line 13]	0.1454	0.1454	0.0000	0.0525	0.0525	0.0000
23. Combined Adjustment Factor [1+Line 21 + Line 22]	1.1735	1.1735	1.0000	1.0806	1.0806	1.0000
24. Adjusted Standardized Amount [Line 20 * Line 23]	4744.44	4796.08	0.00	4299.70	4346.46	0.00
25. Prorated by Days in Effect [Line 12, col D * Line 24]	1196.07	3586.98	0.00	1083.95	3250.71	0.00
26. National Floor Percentage	1.00	1.00	1.00	1.00	1.00	1.00
27. Line 25 * Line 26	1196.07	3586.98	0.00	1083.95	3250.71	0.00
REGIONAL PORTION						
28. Regional Standardized Amount-Labor Portion						
29. Applicable Wage Index						
30. Line 28 * Line 29	0.00	0.00	0.00	0.00	0.00	0.00
31. Regional Standardized Amount-NonLabor Portion						
32. Cost-of-Living Adjustment Factor	1.00	1.00	1.00	1.00	1.00	1.00
33. Line 31 * Line 32	0.00	0.00	0.00	0.00	0.00	0.00
34. Line 30 + Line 33	0.00	0.00	0.00	0.00	0.00	0.00
35. Indirect Medical Education Adjustment Factor						
36. Disproportionate Share Adjustment Factor [Line 13]						
37. Combined Adjustment Factor [1+Line 35 + Line 36]	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
38. Adjusted Standardized Amount [Line 34 * Line 37]	0.00	0.00	0.00	0.00	0.00	0.00
39. Prorated by Days in Effect [Line 12, col D * Line 38]	0.00	0.00	0.00	0.00	0.00	0.00
40. Regional Floor Percentage						
41. Line 39 * Line 40	0.00	0.00	0.00	0.00	0.00	0.00
42. Line 27 + Line 41	1196.07	3586.98	0.00	1083.95	3250.71	0.00
43. Payment Hospital Would Receive			4783.05			4334.66
TEST OF QUALIFICATION CRITERIA						
44. Line 43 (Current) + [.75 * {Line 43 (Requested) - Line 43 (Current)}]			4670.95			

DOMINATING HOSPITAL WAGE INDEX SAMPLE

Hospital's Average Hourly Wage = 22.4002

	WAGES	HOURS
Hospital	\$198,784,078	8,524,821
MSA Excluding Hospital	\$178,525,299	9,010,189

Seeking Redesignation From: OTHER URBAN
MSA Average Hourly Wage = 22.2268

Seeking Redesignation To: LARGE URBAN
MSA Average Hourly Wage = 23.2800

(3 YEAR AVERAGE)

Meets the 108% Criteria [42 CFR 412.230(e)(1)(iii)]?:..... NO
22.4002 / 22.2268 = 100.7801%

Meets the 84% Criteria [42 CFR 412.230(e)(1)(iv)(A)]?:..... YES
22.4002 / 23.2800 = 96.2207%

ALTERNATIVE CRITERIA:

Reclassified for FY 92 through FY97 [42 CFR 412.230(e)(4)(iii)]?:..... YES

Current Area's Total Adjusted Uninflated Wages = \$377,309,377

Hospital's Adjusted Uninflated Wages = \$178,525,299

Hospital's Adjusted Uninflated Wages are greater than 40% of the Total Adjusted
Uninflated Wages of its current Area [42 CFR 412.230(e)(4)(ii)]?:..... YES
\$178,525,299 / \$377,309,377 = 47.3154%

Area's Average Hourly Wage excluding Hospital 19.8137

Meets the 108% Criteria when using alternative rules [42 CFR 412.230(e)(4)(i)]?:..... YES
22.4002 / 19.8137 = 113.0540%

Meets the 84% Criteria [42 CFR 412.230(e)(1)(iv)(A)]?:..... YES
22.4002 / 23.2800 = 96.2207%

Meets All Necessary Alternate Criteria?:..... YES

Meets All Necessary Criteria For Reclassification?:..... YES

NOTES: * The above example assumes that the hospital meets all non numeric criteria
such as proximity.
* Rounding of numbers to meet the qualifying percentages is not permitted.
* All average hourly wage data used above is the 3 year averages as published in
Tables 2 and 3 of the Federal Register. The raw wage and hour data is also based
on a 3 year average.